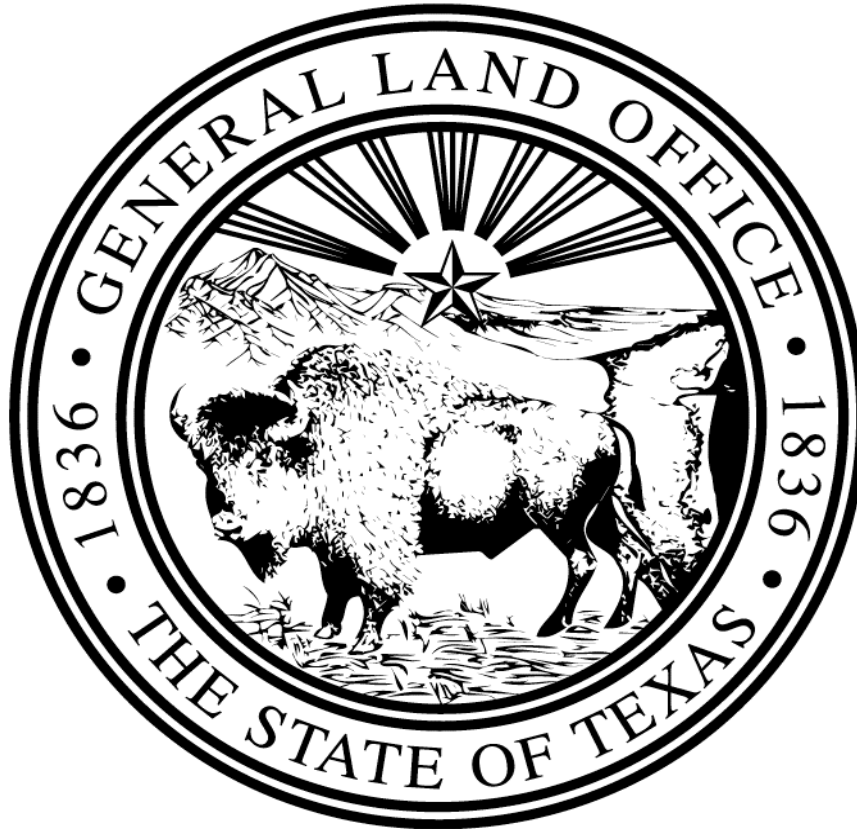


YERRO RANCH

DUVAL & McMULLEN COUNTIES



JERRY E. PATTERSON
Commissioner, General Land Office

For Additional Information Contact:

Uplands Leasing (512) 463-2773
or e-mail

Alan.McWilliams@glo.texas.gov

TABLE OF CONTENTS

GENERAL DESCRIPTION	3
LEASE INFORMATION and SPECIAL CONDITIONS	4-5
INSTRUCTIONS	6-7
BID FORM	8-9
SAMPLE CONTRACT	10-19
MAP	20

General Land Office (GLO) personnel will be on-sight for public viewing on June 26 & 27, 2012 from 8:00 AM to 4:00 PM. On-site contact during public viewing: (512) 423-9030

Potential applicants must provide their own transportation to inspect the ranch.

Please allow a minimum of 2 hours to inspect the ranch.

GENERAL DESCRIPTION

LOCATION

Property is approximately 130 miles south of San Antonio.

From the intersection of Highway 16 and Highway 59 in Freer, Texas, travel west on Hwy 59 for 2.8 miles to Hwy 44. Turn right (north) on Hwy 44 and travel 8.6 miles to County Road 401. Turn right on CR 401 and travel 9.9 miles to the marked entrance to the Yerro Ranch. Note: ranch entrance is directly across from the Energy Transfer Plant on CR 401. Enter gate with cattle guard and travel about 1 mile. High fence gate will be the west entrance to the Yerro Ranch.

DESCRIPTION

This tract is located in the South Texas Plains region of Texas and is 5,593.16 acres in size. Topography ranges in elevation from 400' on the crest of a few hilly sites down to 320' along the banks of Ygnacio Creek and Mirasol Creek, which transect this property. This working South Texas ranch is composed of a heavy mesquite brush canopy with man-made senderos, crossing at regular intervals for the purpose of brush management providing both a grazing benefit and a more diverse wildlife habitat. Soils are mostly a Webb gravelly clay loam and a caliche transitional mix on the southeastern portion. Vegetation species include mesquite, whitebrush, twisted acacia, prickly pear, buffelgrass, threeawns, and some gramas.

Hunting is the primary source of income for this property and it has been managed extensively for wildlife for over 20 years. In average rainfall years, this property benefits from cattle grazing as a secondary revenue source and the awarded bidder will be required to utilize the property for grazing. However, the property will be **deferred** from grazing during the first year of this lease. The property is entirely game-fenced and has many improvements including concrete water troughs, a system of cross fences, a ranch house with electricity and water, as well as numerous surface tanks on the tract that collect and provide water for livestock and wildlife.

The GLO is seeking a responsible lessee who will conduct proper wildlife and brush management practices on this property for the duration of the lease term. Prospective bidders are required to list their qualifications, knowledge and experience as a hunting and grazing lessee, particularly with respect to game management and brush management, in the appropriate section of the enclosed application form.

LEASE INFORMATION and SPECIAL CONDITIONS

1. Acres: 5,593.16 acres in Duval & McMullen County

2. Lease Term:

- A. The lease shall be issued for Ten (10) year term.
- B. The lease term will begin **September 1, 2012**.

3. Minimum Bid:

- A. The total minimum bid for hunting rights shall be no less than Twelve Dollars and 00/100 (\$12.00) per acre or Sixty-Seven Thousand One Hundred Seventeen and 92/100 Dollars (\$67,117.92) **per year**.
- B. The total minimum bid for grazing rights shall be no less than One Hundred Dollars (\$100) **per Animal Unit (AU) per year** or Eight and 33/100 Dollars (\$8.33) **per Animal Unit Month (AUM)**. Initial stocking rate will be 75 Animal Units.

Special Note: Grazing will be deferred for the first year of the lease. If range condition improves and Lessor determines that grazing will resume, Lessee will have 60 days to implement grazing on the property.

- C. The Rent shall be payable in ten (10) annual installments due on or before **September 1** of each year. The first annual installment FOR HUNTING ONLY shall accompany the lease bid.
- D. GLO reserves the right to reevaluate and amend the Rent amount based on current market value considerations following the fifth (5th) year of the Lease.

4. Special Conditions:

A. **Property/Brush Management**

At the sole expense of the Lessee:

- Lessee shall be responsible for the maintenance and upkeep of all existing roads and ensure that they are in good passable condition.
- Lessee shall be responsible for the maintenance of all gates, interior fences and exterior high fencing, including repairs to damages resulting from vandalism, wildlife/hogs and/or natural events.
- Lessee shall be responsible for the chemical control of brush along the boundary/perimeter fences. The Lessee shall spray 33 percent (33%) of the brush along the boundary annually, with a total of 100 percent (100 %) of the brush along the boundary/perimeter fences every three years.
- Lessee will responsible for the mechanical brush control of all existing cleared areas on the ranch (Approximate 1,800 acres). Lessee will be required to mechanically treat 400 **acres per year**. Location of annually treated areas will be available for inspection and measurement for GLO field staff.
- Lessee will be responsible for all maintenance and upkeep of the water lines, water troughs and wildlife watering sites.
- Lessee will be responsible for all maintenance and upkeep of the camp house.
- Lessee will be responsible for all maintenance and upkeep of the water well located on the adjoining private property that provides the water supply to the ranch.

B. Wildlife Management/Hunting

- Within the initial 90 days of the Lease, Lessee will be required to develop and implement an approved wildlife management plan for the ranch. The plan shall be developed by a certified wildlife biologist and/or TWPB biologist. This plan shall be subject to GLO review and approval.
- By October 15th of each year, Lessee shall provide GLO with annual deer harvest recommendations supplied by a certified wildlife biologist and/or TWPB biologist. GLO reserves the right to assist with the annual deer census on the ranch. The GLO will have 10 days after submission of the annual deer census data to approve or disapprove Lessee's recommendations.
- No commercial or "outfitter" hunting will be allowed.
- No more than 8 mature bucks will be allowed to be harvested in any year.
- Lessee will be required to adhere to Texas Parks and Wildlife Departments game rules and regulations for Duval and McMullen Counties.
- Lessee shall implement an annual predator management plan on the ranch.
- By April 1st of each year, Lessee shall provide GLO with deer harvest data (*e.g.*, sex, age, antler size) from the preceding hunting season.
- Liability Insurance must be maintained by Lessee at all times. (Refer to Section 8.02 of the sample lease contract)

C. Grazing Management

- Within the initial 90 days of the Lease, a rotational grazing management system plan shall be developed and submitted to GLO for review and approval.
- Grazing shall be deferred for the first lease year. GLO may require Lessee to implement grazing at the ranch at any time following the first lease year. Upon notification from GLO, Lessee shall have 60 days to implement grazing at the ranch and pay the annual grazing rental amount to GLO.
- There will be no adjustments in the total stocking rate without prior approval from the GLO. Adjustments to stock number must be submitted in writing to GLO at least thirty (30) days in advance of any proposed adjustment. If approved, the lease rate will be adjusted on a per head pro rata basis.
- Actual head count / total stock numbers shall be provided annually to GLO at least thirty (30) days prior to the anniversary date of the lease.

INSTRUCTIONS

1. All sections of the enclosed bid form must be completed and returned to the Texas General Land Office along with the bid.
2. Each bid must be accompanied by a fifty and 00/100 Dollar (\$50.00) non-refundable filing fee made payable to the Texas General Land Office, and a **separate** payment for the first year's rental payment FOR HUNTING ONLY also made payable to the Texas General Land Office. Only a personal check, cashier's check, or money order will be accepted.
3. **NO BID WILL BE ACCEPTED WITHOUT THE FIRST YEAR'S LEASE PAYMENT ENCLOSED.**
4. **LEASE MUST BE SIGNED AND RETURNED TO THE GENERAL LAND OFFICE WITHIN TEN (10) DAYS OF NOTIFICATION OF BID ACCEPTANCE.**
5. The lease will be awarded to the party submitting the bid that is in the best interest of the State, as determined by the Commissioner of the General Land Office, considering all factors, including qualifications and experience.
6. Each bid must be enclosed in a sealed envelope addressed to the Commissioner of the Texas General Land Office, Stephen F. Austin Building, Post Office Box 12873, Austin, Texas 78711-2873, Attention: Professional Services. Please write "**RE: YERRO RANCH BID**" on the front of the envelope.
7. No oral, telephone, or facsimile bids will be considered.
8. Parties are responsible for studying the terms and conditions set forth in the enclosed sample lease form, as well as all special conditions disclosed in this packet. The final lease agreement shall be in the form substantially as shown in the attached sample lease form.

Evaluation Criteria.

- A. Conformance with State Law. Bids shall be evaluated in accordance with State Law. The GLO shall not be obligated to accept the highest bid, but shall make an award to the applicant who provides the "Best Value" to the State of Texas.
- B. Minimum Qualifications. Potential applicants must meet the following minimum qualifications. Furthermore, bids which appear to be unrealistic in terms of commitments, lack of competence as a hunting and grazing lessee, or which indicate a failure to comprehend the complexity and risk of the leasehold operations contemplated this Bid Packet, may be rejected.
 - a) Applicant must demonstrate qualifications and experience as a hunting and grazing lessee, particularly with respect to game management and range management.
 - b) Applicant must demonstrate their ability to carry out the property management and brush management requirements under this lease.
- C. Specific Criteria. Bids shall be consistently evaluated and scored in accordance with the following criteria:
 - a) Qualifications and experience of the applicant (25 %)
 - b) Ability to manage the property - Property management/Brush management (20%)
 - c) Terms offered by the applicant (Price) (55 %)

NOTE: The bid evaluation committee may contact references provided in response to this solicitation to clarify any response or contact any current hunting and grazing lessor of an applicant and/or solicit information from any available source concerning any aspect of any bid deemed pertinent to the evaluation process. By submitting a bid, the bidder consents to GLO contacting bidder's references, contacting bidder's current hunting and grazing lessors, and soliciting information from any available source concerning any aspect of bidder's bid.

NOTE: All bids shall be kept confidential until a lease is awarded, pursuant to Chapter 552 of the Texas Government Code.

9. The Texas General Land Office reserves the right to reject any or all bids.

10. All bids must be received by 5:00 PM on Wednesday, July 11, 2012.

11. If a bid is accepted, the party will be notified by written notice and/or telephone.

12. All rejected bids will be notified in writing.

13. Any questions concerning this packet or procedures may be directed to **(512) 463-2773**.

BID FORM

***NOTE: ALL SECTIONS OF THIS FORM MUST BE COMPLETELY FILLED OUT. THE INFORMATION SUBMITTED ON THIS FORM WILL BE USED TO EVALUATE PARTIES SUBMITTING A BID TO DETERMINE IF A LEASE WILL BE AWARDED.

To Whom It May Concern:

The undersigned proposes to lease the State-owned YERRO RANCH property, consisting of 5,593.16 acres, for hunting and grazing only, as cited in the attached lease specifications, for a term of 10 years.

My total bid for the hunting rights is _____ Dollars per acre or _____ Dollars (\$ _____) per year.

My total bid for the grazing rights is _____ Dollars per Animal Unit X 75 Animal Units or _____ Dollars (\$ _____) per year.

My total bid for this lease is _____ Dollars (\$ _____)

A Fifty and 00/100 Dollars (\$50.00) check for the non-refundable bid fee is enclosed.

My \$ _____ check for the first year's lease payment FOR HUNTING is enclosed.

I understand that it will be returned to me if I am not awarded the lease.

I UNDERSTAND THAT ALL BIDS TO BE CONSIDERED MUST BE RECEIVED BY 5:00 PM ON WEDNESDAY, JULY 11, 2012.

If I am awarded the lease, I agree to execute and return the lease contract within ten (10) days of receipt. I understand that should I fail to do so, I shall forfeit my bid, not as a penalty, but as liquidated damages for breaching this agreement.

I acknowledge that I have read the requirements above. Furthermore, I agree to adhere to all requirements outlined in this bid packet and the executed lease agreement.

PRINTED NAME

SIGNATURE

[illegible]

Name		Name	
Address		Address	
Daytime Phone		Daytime Phone	

Print Name		Signature	
Address			
Home Phone		Date	
Work/Cell Phone			

ATTACHED IS AN APPROVED SAMPLE LEASE FORM FROM THE TEXAS
GENERAL LAND OFFICE. THE FINAL LEASE AGREEMENT SHALL BE IN
A FORM SUBSTANTIALLY AS SHOWN IN THIS SAMPLE LEASE FORM.
MATERIAL CHANGES TO THIS LEASE MAY RESULT IN
DISQUALIFICATION.

The State of Texas



Austin, Texas

SURFACE LEASE SL _____

STATE OF TEXAS

§
§
§

KNOW ALL MEN BY THESE PRESENTS:

COUNTIES OF DUVAL, MCMULLEN

This Surface Lease SL _____, (the "Lease"), is granted by virtue of the authority granted in TEX. NAT. RES. CODE §51.121, *et seq.*, 31 TEX. ADMIN. CODE §13.001, *et seq.*, and all other applicable statutes and rules, as the same may be amended from time to time, and is subject to all applicable rules that may be promulgated from time to time.

ARTICLE I. PARTIES

1.01. In consideration of the mutual covenants and agreements set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the STATE OF TEXAS, acting by and through the Commissioner of the General Land Office, on behalf of the Permanent School Fund ("Lessor"), hereby grants to _____, whose address is _____, telephone number _____, ("Lessee"), the right to use the surface estate of certain Permanent School Fund land (the "Premises") for the purposes identified in Article V. below.

ARTICLE II. PREMISES

2.01. The Premises are described below and further described or depicted on the exhibits attached hereto, which are collectively incorporated herein by reference for all purposes:

Section	Survey	Abstract No.	File No.	Acres	County
4	B. S. & F. Ry Co	A-1587	154073	160.00	Duval
101	B. S. & F. Ry Co	A-1452	154075	720.44	Duval
102	B. S. & F. Ry Co	A-1597	154076	767.67	Duval
112	B. S. & F. Ry Co	A-1887	154077	736.45	Duval
114	B. S. & F. Ry Co	A-1886	154078	747.52	Duval
41	Juan Garza	A-1505	154074	190.46	Duval
All except NE pt. of 116	B. S. & F. Ry Co	A-2016 & 1844	153999	677.25	Duval
NE 36.79 ac. of 116	B. S. & F. Ry Co	A-2016	153951	36.79	Duval
W pt. of 113	B. S. & F. Ry Co	A-118 & 120	153952	310.21	Duval/McMullen
All except NE pt. of 115	B. S. & F. Ry Co	A-2181 & 157	153960	586.85	Duval/McMullen
E pt. of 117	B. S. & F. Ry Co	A-121	153956	370.58	McMullen

Pt. of W pt. of 169	B. S. & F. Ry Co	A-133	153958	2.50	McMullen
E pt. of 171	B. S. & F. Ry Co	A-131	153957	88.00	McMullen
S pt. of E/2 of 172	B. S. & F. Ry Co	A-1193	153953	36.43	McMullen
W pt. of W/2 of 172	B. S. & F. Ry Co	A-1176	153959	62.27	McMullen
S pt.	C. Wells	A-640	154079	100.74	McMullen

Total Acres = 5,593.16

2.02. **LESSEE HAS INSPECTED THE PHYSICAL AND TOPOGRAPHIC CONDITION OF THE PREMISES AND ACCEPTS SAME "AS IS" IN ITS EXISTING CONDITION. LESSEE IS NOT RELYING ON ANY REPRESENTATION OR WARRANTY OF LESSOR REGARDING ANY ASPECT OF THE PREMISES, BUT IS RELYING ON LESSEE'S OWN INSPECTION OF THE PREMISES. LESSOR DISCLAIMS ANY AND ALL WARRANTIES OF HABITABILITY, MERCHANTABILITY, SUITABILITY, FITNESS FOR ANY PURPOSE, AND ANY OTHER WARRANTY WHATSOEVER NOT EXPRESSLY SET FORTH IN THIS LEASE. LESSOR AND LESSEE HEREBY AGREE AND ACKNOWLEDGE THAT THE USE OF THE TERMS "GRANT" AND/OR "CONVEY" IN NO WAY IMPLIES THAT THIS LEASE OR THE PREMISES ARE FREE OF LIENS, ENCUMBRANCES AND/OR PRIOR RIGHTS. LESSEE IS HEREBY PUT ON NOTICE THAT ANY PRIOR GRANT AND/OR ENCUMBRANCES MAY BE OF RECORD AND LESSEE IS ADVISED TO EXAMINE ALL RECORDS OF LESSOR AND THE COUNTY IN WHICH THE PREMISES ARE LOCATED. THE PROVISIONS OF THIS SECTION SHALL SURVIVE THE EXPIRATION OF THIS LEASE OR THE EARLIER TERMINATION OF LESSEE'S RIGHTS UNDER THIS LEASE.**

ARTICLE III. TERM

3.01. This Lease is for a term of ten (10) years, commencing on September 1, 2012 ("Effective Date") and terminating on August 31, 2022, unless Lessee's rights hereunder are terminated earlier as provided herein.

ARTICLE IV. CONSIDERATION AND TAXES

4.01. A. As consideration ("Consideration") for the granting of this Lease, Lessee shall pay rent ("Rent") to Lessor (payable to the Commissioner of the General Land Office at Austin, Texas) the sum of _____ **And 00/100 Dollars (\$_____).**

B. Consideration for this Lease shall be payable in ten (10) annual installments. The first annual installment for hunting rights only shall be _____ **And 00/100 Dollars (\$_____)** and made upon the execution hereof. Subsequent annual installments for both hunting and grazing rights in the amount of _____ **And 00/100 Dollars (\$_____)** shall be made on or before each anniversary of the Effective Date. Subject to Lessor's sole discretion and approval, these annual installments may be adjusted in the event grazing on the Premises is deferred beyond the first year of the Lease and/or on a per head pro rata basis pursuant to Section 5.16(C) below.

C. Notwithstanding the provisions contained in this Section 4.01, Lessor reserves the right to reevaluate and amend the Rent amount based on current market value considerations following the fifth (5th) year of the Lease.

D. Past due Rent and other past due payments shall bear interest from the date when due until actually paid, as provided in TEX. NAT. RES. CODE § 51.301, as the same may be amended from time to time. Failure of Lessee to make a payment on or before the date the same becomes due shall, at Lessor's option, make all payments due and payable immediately.

4.02. Lessor is exempt from taxation. If any taxes are levied on Lessee's interest under this Lease, or if any other taxes or assessments are appropriately levied against the Premises, Lessee shall pay such taxes and assessments not less than five (5) days prior to the date of delinquency thereof directly to the taxing authority. Lessee may in good faith and at its sole cost contest any such taxes or assessments, and shall be obligated to pay the contested amount only if and when finally determined to be owed. **LESSEE AGREES TO AND SHALL INDEMNIFY AND HOLD LESSOR HARMLESS FROM AND AGAINST ANY SUCH TAXES AND ASSESSMENTS LEVIED DURING THE TERM OF THIS LEASE. THIS INDEMNIFICATION SHALL SURVIVE EXPIRATION OF THIS LEASE OR THE EARLIER TERMINATION OF LESSEE'S RIGHTS UNDER THIS LEASE.**

4.03. Lessee shall pay all utility charges for electricity, heat, water, gas, and telephone, and the like used on and about the Premises.

4.04. Pursuant to TEX. BUS. & COM. CODE Ch. 9, Lessee grants to Lessor a security interest to secure payment of all Consideration. This security interest attaches to any and all crops raised on the Premises and any and all proceeds from the sale of those crops, and on any and all presently living and subsequently acquired or born livestock on the Premises owned by Lessee, and any and all proceeds from the sale of such livestock.

ARTICLE V. USE OF THE PREMISES

5.01. The Premises may be used by Lessee solely for Hunting, Grazing and for no other purpose. Except to the extent that modification is reasonably necessary for Lessee's authorized use, the Premises are to remain in their current topographical condition during the term of the Lease. Lessee is specifically prohibited from modifying the Premises in any manner, and from using or allowing the use by others of the Premises for any other purpose, including, but not limited to, mining, hauling, or otherwise removing rock, sand, gravel, aggregate, or other such materials, without Lessor's prior express written approval.

5.02. The carrying capacity for grazing under this Lease shall be seventy-five (75) animal units for the Premises. Lessee may not exceed said carrying capacity without Lessor's prior express written approval. Grazing shall be deferred during the first year of this Lease.

5.03. Lessee shall not use or permit the use of the Premises for any unlawful purpose or permit any unlawful use thereof; and will not commit, or permit anyone else to commit, any act that constitutes a nuisance or annoyance to the Lessor or adjacent property owners or tenants, or which might, in the exclusive judgment of Lessor, damage Lessor's goodwill or reputation, or tend to injure or depreciate the value of the Premises and/or any improvements located thereon. Lessee and its officers, employees, agents and invitees shall comply with all applicable federal, state and local laws, ordinances and rules concerning the use of the Premises. Lessee will install, remove, and alter such equipment and facilities in, and make such alterations to, the Premises as may be necessary to comply with said laws, ordinances and rules. Lessee will not make any unlawful use of the Premises. Violation of said laws, ordinances, and/or rules may result in the automatic termination of Lessee's rights hereunder, at the Lessor's sole discretion upon the Lessor's sending written notice of such termination to Lessee at Lessee's address stated herein.

5.04. Lessor reserves the exclusive right to grant easements, rights-of way and/or other permits authorizing use of the Premises, provided such use does not unreasonably interfere with Lessee's use thereof (except in the instance of mineral development as provided in Section 5.06 below). Any purported grant of an easement, right-of-way, permit or other license by Lessee shall be void unless specifically authorized in this Lease or by Lessor's prior express written approval.

5.05. Lessor reserves the right to enter upon the Premises at any time with or without prior notice to Lessee to inspect the condition thereof and/or take any action authorized by this Lease. Lessee shall provide Lessor with keys or combinations to all locks that may limit access to the Premises.

5.06. Lessor reserves unto itself all of the oil, gas, and other minerals, all geothermal resources, all solar and wind energy leasing rights, and all water and water rights in, on, under, or associated with the Premises; provided, however, that Lessee is permitted to use such waters located on the Premises, to the extent and in an amount ordinarily and reasonably necessary for the purpose of watering Lessee's permitted livestock and/or wildlife. The Premises are subject to prospecting, production and development of oil, gas and other minerals and other materials of commercial value, geothermal resources, solar and wind energy by Lessor, its lessees, permittees, licensees or other agents, assigns or representatives. Lessee shall not interfere with such use of the Premises and shall allow any lessee, permit holder, licensee or other agent, assignee or representative of the Lessor the right of ingress and egress over, across and through, and the use of the Premises for any and all purposes authorized by Lessor.

5.07. Lessee may not charge Lessor's authorized lessees, permit holders, licensees or other agents, assigns or representatives surface damages or any other fee for use of the Premises, provided however, the foregoing shall not limit the liability of any person or entity to Lessee for damages caused to property owned by Lessee.

5.08. Lessor reserves the right to use Natural Resources Conservation Service and/or the Texas Parks and Wildlife personnel and their field office technical guides (standards and specifications) for all range and wildlife conservation and/or ranch improvement programs and practices.

5.09. Lessee shall not undertake, nor shall Lessee allow land modifications or excavation, or construction of permanent improvements without Lessor's prior express written consent. Lessee shall not maintain or allow any nuisances or public hazards on the Premises, and shall be under a duty to abate or remove any activity or property constituting or contributing to a hazard or nuisance.

5.10. Existing improvements are and shall remain the property of Lessor. Regardless of ownership, Lessee shall properly maintain all existing improvements and all improvements placed or constructed on the Premises, provided that no improvement owned by Lessor may be altered or modified without Lessor's prior express written consent.

5.11. Lessee shall submit a map or description showing and describing any new improvements and their location on the Premises.

5.12. Lessee may file a criminal complaint or institute civil proceedings to protect his right of possession and leasehold interest in the Premises against trespass of other infringement of Lessee's rights by third parties.

5.13. Lessee shall take all reasonable precautions to suppress and prevent the uncontrolled spread of fire and shall not purposely attempt to burn any part of the Premises without prior approval of Lessor.

5.14. Lessee shall not commit waste and shall keep all improvements and land in reasonably neat condition.

5.15. Hunting on the Premises is allowed only to the extent described elsewhere in this Lease. Lessee shall adhere to the Texas Parks and Wildlife Department's rules and regulations generally, and those specifically for the county or counties in which the Premises are located.

5.16. Special Conditions

A. **Property/Brush Management**

At the sole expense of the Lessee:

- Lessee shall be responsible for the maintenance and upkeep of all existing roads and ensure that they are in good passable condition.
- Lessee shall be responsible for the maintenance of all gates, interior fences and exterior high fencing, including repairs to damages resulting from vandalism, wildlife/hogs and/or natural events.
- Lessee shall be responsible for the chemical control of brush along the boundary/perimeter fences. The Lessee shall spray 33 percent (33%) of the brush along the boundary annually, with a total of 100 percent (100%) of the brush along the boundary/perimeter fences every three (3) years.
- Lessee shall be responsible for the mechanical brush control of all existing cleared areas on the Premises (Approximately 1,800 acres). Lessee is required to mechanically treat 400 acres per year. Location of annually treated areas will be available for inspection and measurement by Lessor's field staff.
- Lessee shall be responsible for all maintenance and upkeep of the water lines, water troughs and wildlife watering sites.
- Lessee shall be responsible for all maintenance and upkeep of the camp house.
- Lessee shall be responsible for all maintenance and upkeep of the water well located on the adjoining private property that provides the water supply to the Premises.
- If Lessor considers necessary any repairs or maintenance as required by the provisions of this Lease to be made by Lessee, Lessor may request that Lessee make such repairs or maintenance and Lessee shall have 60 days to make all necessary repairs or maintenance identified by Lessor.

B. **Wildlife Management/Hunting**

- Within the initial 90 days of the Lease, Lessee shall develop and implement an approved wildlife management plan for the Premises. The plan shall be developed by a certified wildlife biologist and/or TWPB biologist. This plan shall be subject to Lessor's review and approval.
- By October 15th of each year, Lessee shall provide Lessor with annual deer harvest recommendations supplied by a certified wildlife biologist and/or TWPB biologist. Lessor reserves the right to assist with the annual deer census on the Premises. The Lessor will have ten (10) days after submission of the annual deer census data to approve or disapprove Lessee's recommendations.
- No commercial or "outfitter" hunting is allowed.
- No more than eight (8) mature bucks shall be harvested in any year.
- Lessee shall adhere to Texas Parks and Wildlife Department's game rules and regulations for Duval and McMullen Counties.
- Lessee shall develop and implement an annual predator management plan on the Premises. A copy of this plan shall be provided to Lessor.
- By April 1st of each year, Lessee shall provide Lessor with deer harvest data (*e.g.*, sex, age, antler size) from the preceding hunting season.

C. **Grazing Management**

- Within the initial 90 days of the Lease, a rotational grazing management system plan shall be developed and submitted to Lessor's review and approval.
- Grazing shall be deferred during the first year of the Lease. At any time following the first year of the Lease, Lessor may, at its sole discretion, require Lessee to implement grazing on the Premises. Upon such notification from Lessor, Lessee shall have 60 days to implement grazing on the Premises.
- There will be no adjustments in the total stocking rate without prior approval from Lessor. Adjustments to the total stock number must be submitted in writing to Lessor at least thirty (30) days in advance of any proposed adjustment. If the adjustment of the total stocking rate is approved by Lessor, the annual Rent installment will be adjusted on a per head pro rata basis.
- Actual head count / total stock numbers shall be provided annually to Lessor at least thirty (30) days prior to the anniversary of the Effective Date.

ARTICLE VI. ASSIGNMENTS

6.01. Lessee shall not assign or sublease the Premises or the rights granted herein, in whole or part, to any third party for any purpose without the prior written consent of Lessor, which may be granted or denied in Lessor's sole discretion. Any unauthorized assignment or sublease shall be void and of no effect and such assignment or sublease shall not relieve Lessee of any liability for any obligation, covenant, or condition of this Lease. For purposes of this Lease, an assignment is any transfer, including by operation of law, to another of all or part of the property, interest or rights herein granted. **THIS PROVISION AND THE PROHIBITION AGAINST ASSIGNMENT AND SUBLEASING CONTAINED HEREIN SHALL SURVIVE EXPIRATION OR EARLIER TERMINATION OF THIS LEASE.**

6.02. Lessee shall not mortgage, hypothecate, encumber, or grant any deed of trust or security interest that encumbers the Premises or the interests created by this Lease. Further, Lessee may not collaterally assign any rent or other income generated from Lessee's use of the Premises.

ARTICLE VII. PROTECTION OF HISTORICAL RESOURCES

7.01. **LESSEE IS EXPRESSLY PLACED ON NOTICE OF THE NATIONAL HISTORICAL PRESERVATION ACT OF 1966 (16 USC § 470, ET SEQ.) AND THE TEXAS ANTIQUITIES CODE (TEX. NAT. RES. CODE CH. 191), AS THE SAME MAY BE AMENDED FROM TIME TO TIME. IN THE EVENT THAT ANY SITE, OBJECT, LOCATION, ARTIFACT OR OTHER FEATURE OF ARCHEOLOGICAL, SCIENTIFIC, EDUCATIONAL, CULTURAL OR HISTORIC INTEREST IS ENCOUNTERED DURING ANY ACTIVITY ON THE PREMISES, LESSEE SHALL IMMEDIATELY CEASE SUCH ACTIVITIES AND SHALL IMMEDIATELY NOTIFY LESSOR AND THE TEXAS HISTORICAL COMMISSION, P.O. BOX 12276, AUSTIN, TEXAS 78711, SO THAT ADEQUATE MEASURES MAY BE UNDERTAKEN TO PROTECT OR RECOVER SUCH DISCOVERIES OR FINDINGS, AS APPROPRIATE.**

ARTICLE VIII. INDEMNITY AND INSURANCE

8.01. **LESSEE SHALL BE FULLY LIABLE AND RESPONSIBLE FOR ANY DAMAGE, OF ANY NATURE, ARISING OR RESULTING FROM ITS OWN ACTS OR OMISSIONS RELATED TO ITS EXERCISE OF THE RIGHTS GRANTED HEREIN. LESSEE AGREES TO AND SHALL INDEMNIFY, DEFEND (WITH COUNSEL ACCEPTABLE TO LESSOR), AND HOLD LESSOR, LESSOR'S OFFICERS, AGENTS, AND EMPLOYEES, HARMLESS FROM AND AGAINST CLAIMS, SUITS, COSTS, LIABILITY OR DAMAGES OF ANY KIND, INCLUDING STRICT LIABILITY CLAIMS, WITHOUT LIMIT AND WITHOUT REGARD TO CAUSE OF THE DAMAGES OR THE NEGLIGENCE OF ANY PARTY, EXCEPT FOR THE CONSEQUENCES OF NEGLIGENT ACTS OR WILLFUL MISCONDUCT OF LESSOR, LESSOR'S OFFICERS, AGENTS, EMPLOYEES, OR INVITEES, ARISING DIRECTLY OR INDIRECTLY FROM LESSEE'S USE OF THE PREMISES (OR ANY ADJACENT OR CONTIGUOUS LAND OWNED BY LESSOR) OR FROM ANY BREACH BY LESSEE OF THE TERMS, COVENANTS, OR CONDITIONS CONTAINED HEREIN. THE PROVISIONS OF THIS SECTION SHALL SURVIVE EXPIRATION OF THIS LEASE OR THE EARLIER TERMINATION OF LESSEE'S RIGHTS UNDER THIS LEASE.**

8.02. The Lessee shall maintain adequate insurance throughout the term of this lease. Lessee shall acquire, for the duration of this Agreement, insurance and/or bonds, with financially sound and reputable independent insurers licensed by the Texas Department of Insurance, in the type, amount, and under the conditions customarily carried by others engaged in similar activities. If requested, the Lessee shall submit evidence of such insurance, including a schedule of coverage (or "underwriter's schedules") establishing to the satisfaction of the Lessor the adequacy of the coverage provided by such insurance. If the Lessor determines the coverage is deficient, the Lessee shall secure additional coverage as the Lessor may reasonably request or as required by law or regulation. If coverage expires during the term of the Agreement, the Lessee shall provide the Lessor with renewal or replacement evidence of insurance no less than 30 days before the expiration or replacement of the required insurance. The GLO, its officers, employees, and authorized agents shall be named as additional insureds for all liability arising under this Agreement except on Workers' Compensation and Professional Liability policies.

ARTICLE IX. DEFAULT, TERMINATION AND EXPIRATION

9.01. If, following thirty (30) days prior written notice from Lessor specifying a default or breach, Lessee fails to pay any money due hereunder or is in breach of any term or condition of this Lease, Lessor shall have the right, at its option and its sole discretion, to terminate Lessee's rights under this Lease by sending written notice of such termination to Lessee in accordance with Article XI of this Lease. Upon sending of such written notice, this Lease shall automatically terminate and all rights granted herein to Lessee shall revert to Lessor. Such termination shall not prejudice the rights of Lessor to collect any money due or to seek recovery on any claim arising hereunder.

9.02. If Lessee fails to remove its personal property from the Premises within thirty (30) days of termination of this Lease, or if Lessee fails to remove improvements placed or constructed on the Premises by or on behalf of Lessee pursuant to a notice by Lessor to remove those improvements pursuant to Section 9.01. above, then Lessor may, at its sole option, remove and dispose of such property (with no obligation to sell or otherwise maintain such property in accordance with the Uniform Commercial Code), at Lessee's sole cost and expense, or Lessor may elect to own such property by filing a notice of such election pursuant to TEX. NAT. RES. CODE §51.302, *et seq.* If Lessor elects to remove Lessee's property and dispose of it pursuant to this Section 9.02., then in such an event Lessee shall be obligated to reimburse Lessor for the reasonable costs of such removal and disposal within ten (10) days of Lessor's written demand for reimbursement.

THE TERMS OF THIS SECTION 9.02. SHALL SURVIVE EXPIRATION OF THIS LEASE OR THE EARLIER TERMINATION OF LESSEE'S RIGHTS UNDER THIS LEASE.

9.03. The Premises are subject to sale or trade. However, Lessor agrees that it shall not sell or trade the Premises during the first five (5) years of this Lease. Lessor reserves the right to permit entry by prospective or actual buyers. In the event Lessor enters into an agreement to sell or trade the Premises or any interest therein, this Lease will automatically terminate upon the later of: (i) sixty (60) days after written notice by Lessor; or (ii) conveyance or award of the Premises. Regardless of whether the Premises are offered for sale or trade, Lessee shall have no preference right to purchase the Premises or to renew or extend this Lease.

9.04. Lessor reserves the right to remove from this Lease any portion of the Premises as Lessor may determine necessary for purposes other than those described herein, in which event the Lessee's rights under this Lease to that portion so removed shall be considered terminated and the Lease shall be amended to reflect the remaining portion of the Premises and the new Rent, prorated to reflect the remaining portion of the Premises.

9.05. In the event of a condemnation proceedings that affects all or part of the Premises, Lessor will have the exclusive authority to negotiate with the condemning authority. In the event of a total condemnation, this Lease shall terminate. In the event of a partial condemnation, Lessor may elect to continue or to terminate this Lease, but, if Lessor elects to continue the Lease, the Consideration shall be proportionately reduced. All condemnation proceeds, except for those allocated to improvements belonging to Lessee, shall be the property of Lessor and shall be payable to Lessor.

9.06. If Lessee files a petition for bankruptcy or becomes the subject of an involuntary bankruptcy or other similar proceeding under the federal bankruptcy laws, this Lease shall automatically terminate upon such filing without necessity of notice.

ARTICLE X. HOLDOVER

10.01. If Lessee holds over and continues in possession of the Premises after expiration of this Lease or the earlier termination of Lessee's rights under this Lease, Lessee shall be deemed to be occupying the Premises on the basis of a month-to-month tenancy subject to all of the terms and conditions of this Lease, except that as liquidated damages by reason of such holding over, the amounts payable by Lessee under this Lease shall be increased such that the Consideration payable under Section 4.01 of this Lease and any other sums payable hereunder shall be one hundred fifty percent (150%) of the amount payable to Lessor by Lessee for the applicable period immediately preceding the first day of the holdover period. Lessee acknowledges that in the event it holds over, Lessor's actual damages will be difficult, if not impossible, to ascertain, and the liquidated damages herein agreed to be paid are reasonable in amount and are payable in lieu of actual damages and are not a penalty. Lessee further acknowledges that acceptance of hold over Consideration does not imply Lessor's consent to hold over.

10.02. The tenancy from month-to-month described in Section 10.01. of this Lease may be terminated by either party upon thirty (30) days written notice to the other.

10.03. The Consideration due after notice of termination has been given is to be calculated according to Section 10.01 hereinabove on a pro rata basis. If, upon notice of termination by Lessor, Lessee pays Consideration in excess of the amount due and payable and Lessor accepts such payment, the acceptance of such payment will not operate as a waiver by Lessor of the notice of termination unless such waiver is in writing and signed by Lessor. Any such excess amounts paid by Lessee and accepted by Lessor shall be promptly refunded by Lessor after deducting therefrom any amounts owed to Lessor.

ARTICLE XI. NOTICE

11.01. Any notice which may or shall be given under the terms of this Lease shall be in writing and shall be either delivered by hand, by facsimile, or sent by United States first class mail, adequate postage prepaid, as follows:

If for Lessor:

Texas General Land Office
Deputy Commissioner, Professional Services
1700 North Congress Avenue
Austin, Texas 78701-1495
FAX: (512) 463-5304

If for Lessee:

NAME
ADDRESS
CITY, STATE ZIP

Any party's address may be changed from time to time by such party by giving notice as provided above, except that the Premises may not be used by Lessee as the sole notice address. No change of address of either party shall be binding on the other party until notice of such change of address is given as herein provided.

11.02. For purposes of the calculation of various time periods referred to in this Lease, notice delivered by hand shall be deemed received when delivered to the place for giving notice to a party referred to above. Notice mailed in the manner provided above shall be deemed completed upon the earlier to occur of (i) actual receipt as indicated on the signed return receipt, or (ii) three (3) business days (excluding federal holidays) after posting as herein provided.

ARTICLE XII. INFORMATIONAL REQUIREMENTS

12.01. A. Lessee shall promptly provide written notice to Lessor of any change in Lessee's name, address, corporate structure, legal status or any other information relevant to this Lease.

B. Lessee shall provide to Lessor any other information reasonably requested by Lessor in writing within fifteen (15) days following such request or such other time period approved by Lessor (such approval not to be unreasonably withheld).

ARTICLE XIII. MISCELLANEOUS PROVISIONS

13.01. With respect to terminology in this Lease, each number (singular or plural) shall include all numbers, and each gender (male, female or neuter) shall include all genders. If any provision of this Lease shall ever be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions of the Lease, but such other provisions shall continue in full force and effect.

13.02. The titles of the Articles in this Lease shall have no effect and shall neither limit nor amplify the provisions of the Lease itself. This Lease shall be binding upon and shall accrue to the benefit of Lessor, its successors and assigns, and Lessee, Lessee's successors and assigns (or heirs, executors, administrators and assigns, as the case may be); however, this clause does not constitute a consent by Lessor to any assignment by Lessee.

13.03. Neither acceptance of Consideration (or any portion thereof) or any other sums payable by Lessee hereunder (or any portion thereof) to Lessor nor failure by Lessor to complain of any action, non-action or default of Lessee shall constitute a waiver as to any breach of any covenant or condition of Lessee contained herein nor a waiver of any of Lessor's rights hereunder. Waiver by Lessor of any right for any default of Lessee shall not constitute a waiver of any right for either a prior or subsequent default of the same obligation or for any prior or subsequent default of any other obligation. No right or remedy of Lessor hereunder or covenant, duty or obligation of Lessee hereunder shall be deemed waived by Lessor unless such waiver be in writing, signed by a duly authorized representative of Lessor. Nothing herein shall constitute a waiver of Lessor's sovereign immunity.

13.04. No provision of this Lease shall be construed in such a way as to constitute Lessor and Lessee joint ventures or partners or to make Lessee the agent of Lessor or make Lessor liable for the debts of Lessee.

13.05. In all instances where Lessee is required hereunder to pay any sum or do any act at a particular indicated time or within an indicated period, it is understood that time is of the essence.

13.06. Under no circumstances whatsoever shall Lessor ever be liable hereunder for consequential damages or special damages. The terms of this Lease shall only be binding on Lessor during the period of its ownership of the Premises, and in the event of the transfer of such ownership interest, Lessor shall thereupon be released and discharged from all covenants and obligations thereafter.

accruing, but such covenants and obligations shall be binding during the Lease term upon each new owner for the duration of such owner's ownership.

13.07. All monetary obligations of Lessor and Lessee (including, without limitation, any monetary obligation for damages for any breach of the respective covenants, duties or obligations of either party hereunder) are performable exclusively in Austin, Travis County, Texas.

13.08. Lessee's obligations to pay Consideration and to perform Lessee's other covenants and duties under this Lease constitute independent, unconditional obligations. Lessee waives and relinquishes all rights which Lessee might have to claim any nature of lien against Lessor and the Premises, or withhold or deduct from or offset against any Consideration or other sums provided hereunder to be paid to Lessor by Lessee. Lessee waives and relinquishes any right to assert, either as a claim or as a defense, that Lessor is bound to perform or is liable for the nonperformance of any implied covenant or implied duty of the Lessor not expressly set forth in this Lease.

ARTICLE XIV. FILING

14.01. Lessee shall, at its sole cost and expense, record a memorandum of lease in the Official Public Records of the county or counties in which the Premises are located and provide a file marked copy of same to Lessor within 60 days after this Lease is executed by all parties.

ARTICLE XV. ENTIRE AGREEMENT

15.01. This Lease, including any exhibits to the same, constitutes the entire agreement between Lessor and Lessee, no prior or contemporaneous written or oral promises or representations shall be binding. The submission of this Lease for examination by Lessee or Lessor and/or execution thereof by the Lessee or Lessor does not constitute a reservation of or option for the Premises and this Lease shall become effective only upon execution by all parties hereto and delivery of a fully executed counterpart thereof by Lessor to the Lessee. This Lease shall not be amended, changed or extended except by written instrument signed by both parties thereto.

IN TESTIMONY WHEREOF witness my hand and Seal of Office.

LESSOR:
THE STATE OF TEXAS

LESSEE:
NAME

By: _____

JERRY E. PATTERSON

Commissioner, General Land Office

By: _____

(Printed Name)

(Title)

Date: _____

Date: _____

APPROVED:

Contents: _____

Legal: _____

Deputy: _____

Executive: _____

ACKNOWLEDGMENT OF LESSEE

STATE OF _____ §

§

COUNTY OF _____ §

This instrument was acknowledged before me on the _____ day of _____, 20____,

by _____.

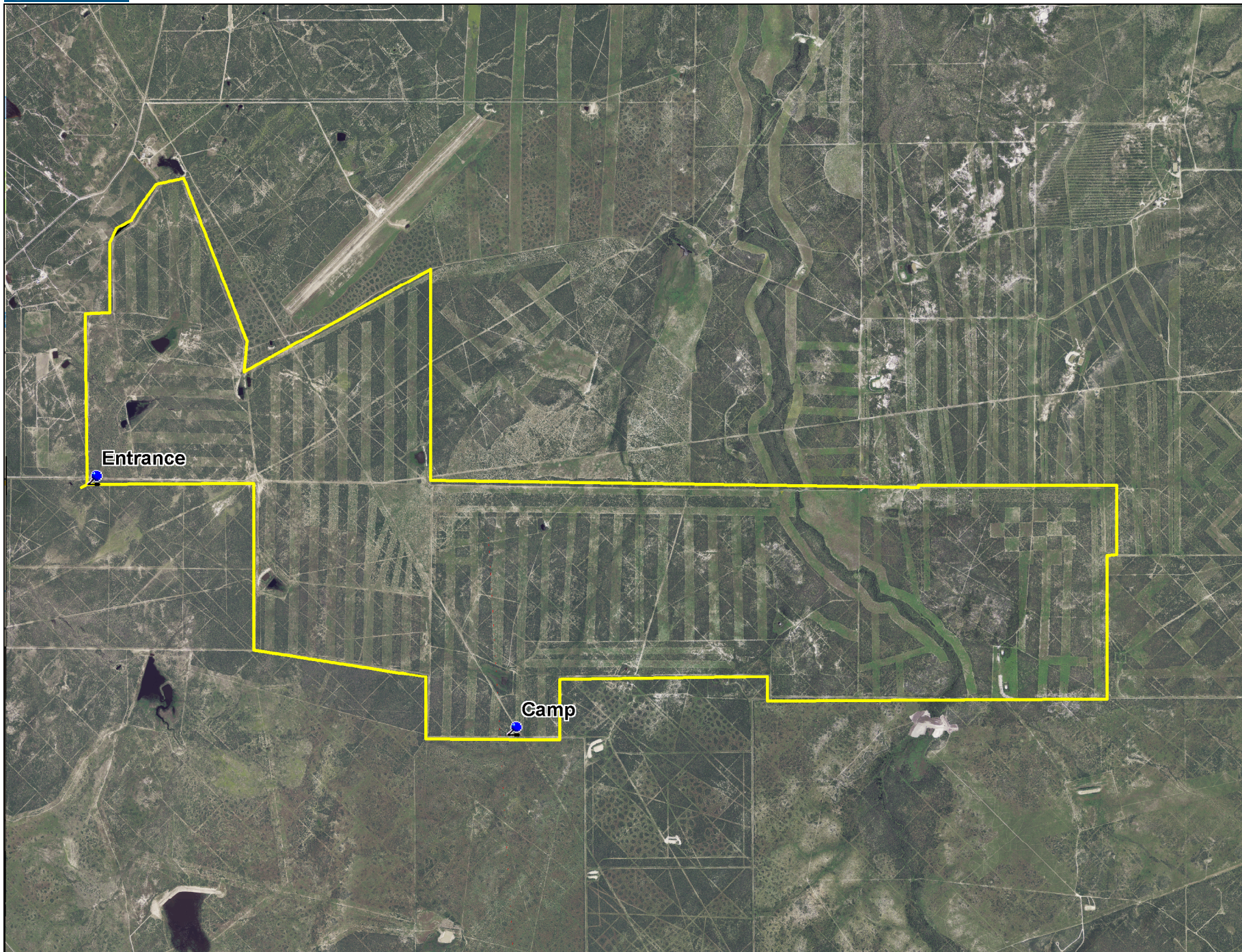
(Lessee representative signing this document)

(Notary Signature)

Notary Stamp

Notary Public, State of _____

My commission expires: _____



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